

*Brown City Library*

Sanilac County, Michigan

Audited Financial Report

April 30, 2005

*Lehn L. King*

Certified Public Accountant  
Marlette, Michigan

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

**RECEIVED**  
DEPT. OF TREASURY

AUG 19 2005

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name <b>Brown City Library</b>	LOCAL AUDIT & FINANCIAL DIV. <b>Sanilac</b>
Audit Date <b>5/31/05</b>	Opinion Date <b>6/3/05</b>	Date Accountant Report Submitted to State: <b>8/18/05</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

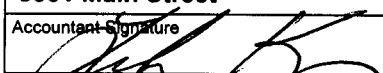
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

**We have enclosed the following:**

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>Lehn L. King, C.P.A.</b>			
Street Address <b>3531 Main Street</b>	City <b>Marlette</b>	State <b>MI</b>	ZIP <b>48453</b>
Accountant Signature 		Date <b>7/12/05</b>	

**Brown City Area Library**  
Annual Financial Report  
For The Fiscal Year Ended April 30, 2005

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**LEHN L. KING**

Certified Public Accountant

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Brown City Area Library Board Members  
**Brown City Area Library**  
Sanilac County, Michigan

**Independent Auditor's Report**

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Brown City Area Library, Michigan as of and for the year ended April 30, 2005, which collectively comprise the Brown City Area Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Brown City Area Library, Michigan's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted the audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that the audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Brown City Area Library, Michigan as of April 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, and the budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, I did not audit the information and express no opinion on it.

The Audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Brown City Area Library, Michigan's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As described in Note 1, the Brown City Area Library has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and related statements, as of May 1, 2004.

*Lehn King*

Lehn L. King  
Certified Public Accountant

June 3, 2005

# Brown City Area Library

## Brown City, Michigan

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### MANAGEMENT'S DISCUSSION AND ANALYSIS LETTER

Our discussion and analysis of the Brown City Area Library's financial performance provides an overview of the Library's financial activities for the fiscal year ended April 30, 2005. Please read it in conjunction with the Library's financial statements.

#### Financial Highlights

The Library is in good financial position. The Library received fifty percent of its revenues from county taxes and state aid, the other half came from penal fines. Approximately half of the budget was used to staff the Library, about twenty percent for book replacement and the rest for general administration.

#### Using this Report

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No.34. GASB Statement 34 implements a new model of financial reporting for state and local governments designed to enhance the usefulness of the Library's annual report.

#### The Library as a Whole

The Brown City Area Library's fund balances are as follows:

	<u>April 30,</u> <u>2005</u>	<u>April 30,</u> <u>2004</u>
Library Fund	<u>\$ 209,246</u>	<u>\$ 206,771</u>
Total for Library	<u><u>\$ 209,246</u></u>	<u><u>\$ 206,771</u></u>

# Brown City Area Library

## Brown City, Michigan

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### Governmental Activities

The Brown City Area Library's Revenues and Expenditures can be summarized as follows:

	Library Fund	
	April 30,	
	2005	2004
<b>Fund Balance - Beginning of Year</b>	\$ 206,771	\$ 203,101
<b>Revenue Collected</b>		
Intergovernmental Revenues	18,451	14,024
Penal Fines	21,338	29,474
Interest Earnings	4,179	4,294
Other	696	1,821
Transfers	-	-
Total Revenue Collected	44,664	49,613
<b>Expenditures</b>		
General Government	42,190	45,943
Transfers	-	-
Total Expenditures	42,190	45,943
<b>Fund Balance - End of Year</b>	\$ 209,245	\$ 206,771

### Contacting the Library

This report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Library's finances and to demonstrate the Library's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Library at the City Hall in Brown City, Michigan or by telephone at (810) 346-2511.

Kay Cuther  
Brown City Public Library Chairman

**Brown City Library**  
Statement of Net Assets (Deficit)  
April 30, 2005

	<u>Primary Government Governmental Activities</u>
<b><u>Assets</u></b>	
Cash & Cash Equivalents	\$ 209,245.81
Total Assets	209,245.81
<b><u>Liabilities</u></b>	
<u>Total Liabilities</u>	<u>\$ -</u>
<b>Net Assets (Deficit)</b>	
Invested in Capital Assets - Net of Related Debt	-
Unrestricted	<u>209,245.81</u>
<u>Total Net Assets (Deficit)</u>	<u><u>\$ 209,245.81</u></u>

The notes are an integral part of the statements.

# Brown City Library

Statement of Activities

For the Year Ended April 30, 2005

Functions/Programs	Program Revenues			Net (Expense) Revenue & Changes in Net Assets	
	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government	
				Governmental Activities	
Expenses					
\$ 42,190.04	\$ 21,338.19	\$ -	\$ -	\$ (20,851.85)	
\$ 42,190.04	\$ 21,338.19	\$ -	\$ -	(20,851.85)	
General Revenues:					
State Shared Revenues				\$ 18,451.31	
Interest				4,179.17	
Other Revenues				696.15	
Transfers				-	
Total General Revenues, Special Items & Transfers				23,326.63	
Change in Net Assets				2,474.78	
Net Assets (Deficit) - Beginning of Year				206,771.03	
Net Assets (Deficit) - End of Year				\$ 209,245.81	

## Functions/Programs

Primary Government:

Governmental Activities:

General Government

Total Governmental Activities

The notes are an integral part of the statements.

# Brown City Library

Governmental Funds

Balance Sheet

April 30, 2005

	<u>General Fund</u>
<b><u>Assets</u></b>	
Cash & Certificates of Deposit	<u>\$ 209,245.81</u>
<u>Total Assets</u>	<u><u>\$ 209,245.81</u></u>
<b><u>Liabilities &amp; Fund Equity</u></b>	
<b><u>Liabilities</u></b>	
<u>Total Liabilities</u>	<u>\$ -</u>
<b><u>Fund Equity</u></b>	
Fund Balances	
- Unreserved & Undesignated	<u>209,245.81</u>
<u>Total Fund Balances</u>	<u><u>209,245.81</u></u>
<u>Total Liabilities &amp; Fund Equity</u>	<u><u>\$ 209,245.81</u></u>

The notes are an integral part of the statements.

**Brown City Library**  
Governmental Funds  
Reconciliation of Fund Balances to the  
Statement of Net Assets (Deficit)  
For The Year Ended April 30, 2005

<b>Total Fund Balances for Governmental Funds</b>	<b>\$ 209,245.81</b>
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Amounts reported for Governmental Activities in the Statement of  
Net Assets (Deficit) are different because:

Capital Assets used in Governmental Activities are not Financial Resources and are not reported in the Funds	-
-----------------------------------------------------------------------------------------------------------------	---

Long-Term Bonds Payable are not due and payable in the current period and are not reported in the Funds	-
------------------------------------------------------------------------------------------------------------	---

Accrued Interest Payable is not reported in the Funds	<u>-</u>
-------------------------------------------------------	----------

<b>Net Assets of Governmental Activities</b>	<b><u><u>\$ 209,245.81</u></u></b>
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The notes are an integral part of the statements.

**Brown City Library**  
Governmental Funds  
Statement of Revenues, Expenditures, And Changes  
in Fund Balances  
For The Year Ended April 30, 2005

	<b>General Fund</b>
<b><u>Revenues</u></b>	
Intergovernmental Revenues	\$ 18,451.31
Charges for Services	21,338.19
Interest Earnings	4,179.17
Other Revenues	696.15
<u>Total Revenues</u>	<u>44,664.82</u>
<b><u>Expenditures</u></b>	
General Government	42,190.04
<u>Total Expenditures</u>	<u>42,190.04</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	2,474.78
<b><u>Other Financing Sources (Uses)</u></b>	
Operating Transfers In (Out)	-
<b>Net Change in Fund Balances</b>	2,474.78
<b><u>Fund Balances - Beginning of Year</u></b>	<u>206,771.03</u>
<b><u>Fund Balances - End of Year</u></b>	<u><u>\$ 209,245.81</u></u>

The notes are an integral part of the statements.

**Brown City Library**  
Governmental Funds  
Reconciliation of Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For The Year Ended April 30, 2005

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 2,474.78</b>
---------------------------------------------------------------	--------------------

Amounts reported for Governmental Activities in the Statement of  
Activities are different because:

Governmental Funds report Capital Outlays as Expenditures; in the Statement of Activities, these costs are capitalized and allocated over their estimated useful lives as Depreciation	-
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---

Repayment of Bond Principal is an Expenditure in the Governmental Funds, but not in the Statement of Activities (where it reduces Long-Term Debt)	-
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Interest Expense is reported in the Statement of Activities when a Liability is incurred; they are reported in the Governmental Funds only when payment is due	-
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Depreciation is an Expenditure for the Statement of Activities, but is not reported in the Governmental Funds	-
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<b>Net Assets of Governmental Activities</b>	<b><u>\$ 2,474.78</u></b>
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The notes are an integral part of the statements.

# **Brown City Area Library**

## **Notes to the Financial Statements For The Year Ended April 30, 2005**

The accounting methods and procedures adopted by the Brown City Area Library, Sanilac County, Michigan, conform to generally accepted accounting principles as applied to governmental entities. The following notes to the financial statements are an integral part of the Library's Comprehensive Annual Financial Report.

### **1. Summary of Significant Accounting Policies**

#### **Financial Reporting Entity**

The Brown City Area Library was formed to serve the City of Brown City and surrounding Townships. The Library operates under an elected Library Board for the purpose of providing Library services to the City and various surrounding Townships.

In accordance with the provisions of the Governmental Accounting Standards Board (GASB) in its Statement No. 14, the Brown City Area Library is not considered to be part of any other governmental entity for financial reporting purposes. The criteria established by GASB for determining the various governmental organizations to be included in the reporting entity's financial statements include oversight responsibility, scope of public services, fiscal independence, financial accountability, imposition of will and financial benefit or burden. On this basis, the financial statements of other governmental organizations are not included in the financial statements of the Brown City Area Library.

#### **Government-wide and Fund Statements Fund**

The Government-wide Financial Statements (i.e., the Statement of Net Assets (Deficit) and the Statement of Activities) report information on all the nonfiduciary activities of the Library (the primary government). The effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function (governmental activities) or identifiable activity (business-type activities) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or activity; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other revenue items properly excluded from program revenues are reported as general revenue.

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the Government-wide Financial Statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Library reports the following major governmental funds:

**General Fund** - The General Fund is the general operating fund of the Library. It is used to account for all financial resources.

#### **Measurement Focus and Basis of Accounting**

The Government-wide Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

# **Brown City Area Library**

Notes to the Financial Statements  
For The Year Ended April 30, 2005

Governmental Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become susceptible to accrual - that is, when they become both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period, generally collected within 60 days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes, intergovernmental revenues, special assessments, licenses, charges for services, and interest. All other revenue items are considered to be available only when cash is received by the Library. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, and claims and judgments are recorded only when payment is due.

**Cash** - The Library does not pool cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the Library's investments.

**Investments** - Debt securities are valued at cost since it is generally the policy of the Library to hold such investments until they mature.

**Fund Equity** - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

## **Accounting Changes**

**GASB Statement No. 34** - Effective May 1, 2004, the Library implemented the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (GASB No. 34). Changes to the Library's financial statements as a result of GASB No. 34 are as follows:

- A management's discussion and analysis (MD&A) section providing analysis of the Library's overall financial position and results of operations has been included.
- Government-wide Financial Statements (statement of net assets (deficit) and statement of activities) prepared using full accrual accounting for all of the Library's activities have been provided.
- Capital assets in the governmental activities column of the statement of net assets (deficit) includes assets not previously accounted for by the Library as well as assets previously reported in the General Fixed Assets Account Group. In addition, the governmental activities column includes bonds and other long-term obligations previously reported in the General Long-term Debt Account Group.
- The fund financial statements focus on major funds rather than fund types.

# Brown City Area Library

Notes to the Financial Statements  
For The Year Ended April 30, 2005

## 2. Stewardship, Compliance, and Accountability

### Budgetary Information

The Library is legally subject to the budgetary control requirements of State of Michigan P.A. 621 of 1978 (the Uniform Budgeting Act). The following statements represent a brief synopsis of the major provisions of this Act:

1. Budgets must be adopted for the General Fund and Special Revenue Funds, Debt Service Funds, Capital Project Funds.
2. The budgets must be balanced. The balanced budget may include a contribution to or appropriation from fund balance.
3. The budgets must be amended when necessary.
4. Debt cannot be entered into unless permitted by law.
5. Expenditures cannot exceed budget appropriations.
6. Expenditures cannot be made unless authorized in the budget.
7. Public hearings must be held before budget adoptions.

In the body of the financial statements, the Library actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The budget is used by the Library Board as a management tool during the year for all budgetary funds. The budgets are adopted on a cash basis, which is not consistent with generally accepted accounting principles. Budgetary control is exercised at the departmental level. Budgets for the General Fund and the major Special Revenue Funds, Debt Service Funds, and Capital Project Funds are presented in the required supplemental information.

During the year ended April 30, 2005, the Library incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

	<u>Total</u> <u>Appropriations</u>	<u>Amount of</u> <u>Expenditures</u>	<u>Budget</u> <u>Variance</u>
<b><u>General Fund</u></b>			
Insurance	\$ 750	\$ 780	\$ 30
Materials - Books & Magazines	7,000	7,588	588
Supplies & Workshop	750	1,627	877
Telephone & Utilities	3,000	3,225	225
Occupancy Charges	3,200	3,717	517

## **Brown City Area Library**

Notes to the Financial Statements  
For The Year Ended April 30, 2005

### **3. Cash and Cash Equivalents**

In accordance with Michigan Compiled Laws, the Library is authorized to invest as follows:

- a) In bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States in which the principal and interest is fully guaranteed by the Government National Mortgage Association.
- b) In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation (FDIC) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation or a credit union is eligible to be a depository of surplus funds belonging to the State under Sections 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.
- c) In commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase. Not more than 50% of any fund may be invested in commercial paper at any time.
- d) In the United States government or federal agency obligations repurchase agreements.
- e) In bankers acceptances of United States Banks.
- f) In mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

**Deposits** - Michigan Public Acts authorize the units of local government in Michigan to deposit in the accounts of federally insured banks, insured credit union, and savings and loan association. Deposits of the Library are at federally insured banks located in the State of Michigan with all accounts maintained in the name of the Library.

Federal Deposit Insurance Corporation (FDIC) regulations provide that deposits of governmental units are to be separately insured for the amount of \$100,000 for deposits in an insured bank for savings deposits and \$100,000 for demand deposits. Furthermore, if specific deposits are regulated by statute or bond indenture, these specific deposits are to be separately insured for the amount of \$100,000. Michigan Compiled Laws do not allow collateralization of governmental deposits.

As of April 30, 2005, the Library's cash and cash equivalents consist of checking, savings, and certificates of deposit accounts in insured FDIC institutions with a carrying balance of \$209,246, of which, \$100,000 is insured FDIC.

**Required Supplemental Information**

**Brown City Library**  
Required Supplemental Information  
Budgetary Comparison Schedule  
Library Fund  
For The Year Ended April 30, 2005

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<b><u>Revenues</u></b>				
Intergovernmental Revenues	\$ 13,000.00	\$ 13,000.00	\$ 18,451.31	\$ 5,451.31
Penal Fines	24,000.00	24,000.00	21,338.19	(2,661.81)
Interest Income	4,000.00	4,000.00	4,179.17	179.17
Other	1,000.00	1,000.00	696.15	(303.85)
<b><u>Total Revenues</u></b>	<u>42,000.00</u>	<u>42,000.00</u>	<u>44,664.82</u>	<u>2,664.82</u>
<b><u>Expenditures</u></b>				
Salaries, Wages & Payroll Taxes	22,000.00	22,000.00	21,207.18	792.82
Insurance	750.00	750.00	780.00	(30.00)
Library Association Dues	1,800.00	1,800.00	1,772.22	27.78
Materials - Books & Magazines	7,000.00	7,000.00	7,588.37	(588.37)
Supplies / Workshop	750.00	750.00	1,626.82	(876.82)
Telephone / Utilities	3,000.00	3,000.00	3,224.75	(224.75)
Building Maintenance / Cleaning	1,200.00	1,200.00	1,199.48	0.52
Occupancy Charges	3,200.00	3,200.00	3,717.00	(517.00)
Professional Services	600.00	600.00	600.00	-
Miscellaneous	1,700.00	1,700.00	474.22	1,225.78
<b><u>Total Expenditures</u></b>	<u>42,000.00</u>	<u>42,000.00</u>	<u>42,190.04</u>	<u>(190.04)</u>
<b><u>Excess of Revenues Over (Under) Expenditures</u></b>	<u>-</u>	<u>-</u>	<u>2,474.78</u>	<u>2,474.78</u>
<b><u>Other Financing Sources</u></b>				
Operating Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>Excess of Revenues &amp; Other Sources Over (Under) Expenditures &amp; Other Uses</u></b>	<u>-</u>	<u>-</u>	<u>2,474.78</u>	<u>2,474.78</u>
<b><u>Fund Balance - Beginning of Year</u></b>	<u>-</u>	<u>-</u>	<u>206,771.03</u>	<u>206,771.03</u>
<b><u>Fund Balance - End of Year</u></b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 209,245.81</u>	<u>\$ 209,245.81</u>

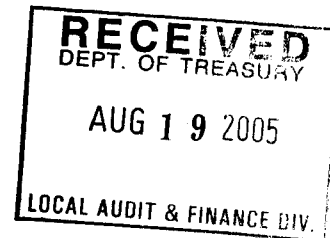
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MARLETTE, MICHIGAN 48453

Phone 989-635-3113  
Fax 989-635-5580

June 3, 2005

Members of the Library Board  
Brown City, Michigan



Library Board:

In accordance with your request, I have made an examination of the financial statements of the Brown City Area Library for the fiscal year ended April 30, 2005. During the course of my examination, no material items came to my attention.

From an overall viewpoint, the Brown City Library is in very good financial condition. The financial records maintained by the Library are in good order.

I have mailed three (3) copies of the audit report to the State of Michigan.

I thank the Library officials for the cooperation I received in the completion of this examination.

Sincerely,

*Lehn King*

Lehn L. King  
Certified Public Accountant